



Report to the Partnership for Urban South Hampshire Joint Committee

Date: **15 January 2009**

Report of: **Jon Pittam, Treasurer and Stuart Jarvis, Managing Director**

Subject: **Capital and Revenue Budget Monitoring 2008/09**

SUMMARY

The Joint Committee, at its meetings in June and September 2008, approved the allocation of both the PUSH capital and revenue budgets for the financial year 2008/09. This report summarises the current position on actual and committed expenditure against the agreed budgets, as well as a forecast of activity for the remainder of the financial year.

RECOMMENDATION

This Committee is recommended to:-

1. NOTE progress achieved to date against the approved capital and revenue budgets for 2008-09.
2. NOTE the anticipated final outturn for the financial year 2008-09, and the consequent impact on 2009-10;
3. APPROVE the proposed actions in relation to the treatment of the anticipated underspend on the Capital programme; specifically:-
 - That the Reserve Fund, approved by the Joint Committee on 16 September 2008 be carried forward to add to the resources available for the 2009/10 Capital Programme
 - That the expected underspend on Economic Development be carried forward to be spent as originally approved, subject to confirmation of the subsequent phases of the project
 - That the expected underspend on Sustainability & Social Infrastructure be carried forward to be spent as originally approved
 - That an additional £425,000 be allocated for the Rowner Estate Renewal Project in 2008/9, subject to a satisfactory revised project appraisal; and that £425,000 be removed from the indicative allocation for the Rowner project and earmarked for the Somerstown Estate Regeneration Project in 2009/10 again subject to satisfactory revised project appraisal, and

inclusion of the projects in the approved Capital Programme for 2009/10.

4. APPROVE the proposed actions in relation to the treatment of the anticipated underspend on the Revenue programme; specifically:-
 - That all underspends are rolled forward to 2009/10 for ongoing work on the projects as previously approved, except for £40,000 from Sustainability and Social Infrastructure and £100,000 from the Core Team budget which can be re-allocated as part of the development of the revenue budget for 2009/10.

INTRODUCTION

1. The PUSH Joint Committee gave approval, at its meeting of 12 June 2008 to the detailed revenue budgets for the financial year 2008-09. On September 16 2008 the Joint Committee approved the capital programme for 2008-09.
2. This report summarises progress to date against those approved budgets, and forecasts the anticipated expenditure for the rest of the financial year. Where appropriate, it sets out the proposed actions of officers to achieve the forecast outcome. Figures for actual expenditure are to 10 December 2008. The projected out-turn figures are estimates at this stage, and must be treated as such, as they will almost certainly be subject to further variations before the year end.

RESOURCES

3. Table 1, below, shows the estimated PUSH resources, as approved by the Joint Committee on 12 June 2008, compared to what is actually expected to be received in the year.

Table 1 Estimated PUSH Resources 2008/09:-

	2008/09 budget £000	Rec'd to 10 Dec. 2008 £000	Forecast receipt Dec 2008 to March 2009 £000	Total Forecast Funds for 2008/09 £000	Over/(Under) against budget £000
Revenue funds					
Core funding (local authorities)	300	300	-	300	-
New Growth Point (revenue)	729	729	-	729	-
SEEDA core contribution	165	165	-	165	-
Interest on balances (estimated)	100	-	270	270	170
Other local authority funding	54	30	24	54	-
Emerging Themes (MAA)	151	-	151	151	-
SEEDA (Tipner regeneration)	15	-	15	15	-
CABE	11	-	11	11	-
Tourism South East	3	-	3	3	-
PUSH 07/08 Funds		-	150	150	150
	1,528	1,224	624	1,848	320
Capital funds					
New Growth Point (capital)	6,768	6,768	-	6,768	-

	2008/09 budget £000	Rec'd to 10 Dec. 2008 £000	Forecast receipt Dec 2008 to March 2009 £000	Total Forecast Funds for 2008/09 £000	Over/(Under) against budget £000
Total resources	8,296	7,992	624	8,616	320

4. All of the external funding shown in the budget has either already been received, or is expected to be received in full before 31 March 2009.
5. Interest on balances is currently expected to be higher than the original estimate, due to later than anticipated approval of the capital programme. In addition, there is an uncommitted sum to be brought forward from previous years' PUSH programmes. It is proposed that these amounts be aggregated with any revenue underspend in the current year's programme, and carried forward into the revenue resources available in 2009/10.
6. In addition, to the above, a bid has also been made for funding of the Adult Advancement Network Pilot to the Learning Skills Council. As the funding details have not yet been confirmed, and any expenditure would come directly from the funding received, this has not been included in the budget at this stage.

CAPITAL

7. Table 2, below, shows the revised capital allocation to Delivery Panels, as approved by the Joint Committee on 16 September 2008.

Table 2 Revised Capital Allocation and Programme

Theme/Delivery Panel	Revised 2008/09 Budget £000	Spend to 10 Dec. 2008 £000	Forecast Spend Dec 2008 to March 2009 £000	Total Forecast Spend for 2008/09 £000	Over/(Under) against budget £000
Economic Development	939	19	758	777	(162)
Sustainability & Social Infrastructure	150	-	140	140	(10)

Housing & Local Planning ¹	3,195	2,000	1,195	3,195 ²	-
Creating Quality Places	-	-	-	-	-
Transport for South Hampshire	1,700	-	1,700	1,700	-
Reserve/to be carried forward	784	-	784	784	-
Total resources	6,768	2,019	4,577	6,596	(172)

8. Following the approval of the detailed capital programme, Delivery Panel leads and Project Managers were authorised to progress the projects in line with the agreed budget. The table shows the estimated outturn for the year.
9. At the meeting of the PUSH Joint Committee on 16 September, it was agreed to maintain an unallocated reserve fund of £784,000, to be carried forward into 2009/10 as a contribution towards next year's Capital Programme. This was proposed to provide a contingency for addressing any funding shortfall resulting from the New Growth Point settlement for 2009/10 and 2010/11. It can be seen from the table above that this reserve has been maintained, and can be carried forward in full.
10. There is a likely £425,000 projected underspend on the Somerstown Estate Renewal project in Portsmouth in 2008/9. The other large scale estate renewal project at Rowner in Gosport has however already spent up its allocation for 2008/9 and could utilise additional funds in the current year. Both these projects are phased over a number of years, and whilst there is no firm commitment in the PUSH programme beyond 2008/9, with the decisions now made on the level of Growth Funds allocated to PUSH, it is suggested that it would be prudent to consider committing some resources to these projects for 2010/11 ahead of the main capital programme decisions, to allow best use to be made of 2008/9 funding. It is therefore proposed to re-profile the allocations for the Somerstown and Rowner projects, to bring forward an additional £425,000 for Rowner in 2008/9 and to earmark an additional £425,000 for Somerstown in 2009/10 with a consequent reduction in the Rowner allocation for 2009/10. This has the advantage for PUSH that it makes best use of Growth Point Funding in the two years for these projects and protects PUSH's reputation for delivery, which will continue to be a factor in future funding decisions nationally.
11. In addition, there is anticipated to be further under-spending on projects within the Economic Development and the Sustainability & Community Infrastructure allocations. The under spend on Economic Development relates to delays in

¹ The Somerstown Housing project is due to underspend by £425,000, but the overall expenditure total can still be met if a re-profile of spending takes place between this and the Rowner project, as detailed in paragraph 10 above.

appointing a Programme Manager for the Eastleigh River Side project, due to recruitment problems, the deferral of various pieces of work as a result of this delay, and changes in the packaging of land parcels for acquisition. All this funding will be required in 2009/10, as the work is still required, but is contingent on an additional phase of the project being approved in 2009/10 programme.)

REVENUE

12. Table 3, below, shows the revenue allocation to Delivery Panels, as approved by the Joint Committee on 12 June 2008, together with the estimated outturn for the year.

Table 3 Revenue Allocation and Programme

Theme/Delivery Panel	2008/09 Budget £000	Spend to 10 Dec. 2008 £000	Forecast Spend Dec 2008 to March 2009 £000	Total Forecast Spend for 2008/09 £000	Over/(Under) against budget £000
Economic Development	210	128	82	210	
Sustainability & Community Infrastructure	148	5	35	40	(108)
Housing & Planning	181	-	65	65	(116)
Quality Places	60	-	16	16	(44)
Transport for South Hampshire	279	-	279	279	-
Central Costs and Core Team	650	252	175	427	(223)
Total resources	1,528	385	652	1,037	(491)

13. It is proposed that the projected underspend is carried forward into 2009/10, either to fund ongoing projects which have slipped into the following year, or as part of a general reserve which can be added to the new year funds against which projects can bid.
14. Specific underspends, highlighted in the table above, are explained below:
- Sustainability & Community Infrastructure - £40,000 was earmarked for Integrated Water Study Phase 3, which is no longer required, and this sum can therefore be re-allocated. The Green Infrastructure technical work is currently out to tender, but with prices expected to come in significantly under the allocated budget, it is likely that additional underspend will arise, which should be added to the general carry forward and be available to be re-allocated in 2009/10. £40,000 was allocated for work on Renewable Energy which remains necessary, but was not commissioned in the current year due to issues of capacity and the delayed completion of the energy study. It is proposed that this work be deferred until next year and that the funding be carried forward for this purpose in the 2009/10 budget.
 - Housing & Planning – due to delayed publication of the response to the EiP Panel report, and the SE Plan Modifications by central government, the planned work on the SDAs has been delayed. This is core PUSH work which will be required in 2009/10, and therefore it is recommended that outstanding balances in this theme budget be carried forward to support

this work.

- Quality Places - the panel is committed to supporting creative industries through CIBAS, which will cost £12,500 in 08/09, but also has further funding commitments for 2009/10 and 2010/11. Spending also includes £3,500 to match fund a grant from Tourism South East on the Solent visitor economy. Other work in 08/09 has been funded by contributions from the Commission for Architecture and the Built Environment and HCC. It is recommended the underspend to be carried forward as an allocation to this Panel to cover commitments for the future funding of CIBAS, together with further work on the visitor economy.
- Underspends in the Central budget are mainly due to the delays in appointing to the Core team, and in finalising detailed arrangements and support/facilities such as ICT, and the PUSH website upgrade. It is proposed that £100,000 of the anticipated underspend be carried forward as a general resource to be re-allocated elsewhere for 2009/10 and that the remaining £123,000 be carried forward as a contingency reserve in the PUSH budget pending further decisions on the central operating budget for next year and the resource requirements of the Delivery Panels, including the new External Funding and Resources Panel.

CONCLUSION

15. This Committee is recommended to:-

NOTE progress achieved to date against the approved capital and revenue budgets for 2008-09;

NOTE the anticipated final outturn for the financial year 2008-09, and the consequent impact on 2009-10;

APPROVE the proposed actions in relation to the treatment of the anticipated underspend on the Capital programme; specifically:-

- That the Reserve Fund, approved by the Joint Committee on 16 September 2008 be carried forward to add to the resources available for the 2009/10 Capital Programme;
- That the expected underspend on Economic Development be carried forward to be spent as originally approved, subject to confirmation of the subsequent phases of the project;
- That the expected underspend on Sustainability & Social Infrastructure be carried forward to be spent as originally approved; and

APPROVE the proposed actions in relation to the treatment of the anticipated underspend on the Revenue programme; specifically:-

- That all under-spends are rolled forward to 2009/10 for ongoing work on the projects as previously approved, except for £40,000 from Sustainability and Social Infrastructure and £100,000 from the Core Team budget which

can be re-allocated as part of the development of the revenue budget for 2009/10.

Background Papers: -

Enquiries:

For further information on this report please contact:

Jon Pittam, Treasurer

T: 01962 847400

E: jon.pittam@hants.gov.uk

Tom Niedrum, Head of Finance

T: 01962 846931

E: tom.niedrum@hants.gov.uk

Stuart Jarvis, Managing Director

T: 07736 792647

E: stuart.jarvis@push.gov.uk